

Message Text

UNCLASSIFIED

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ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06

SP-02 EPG-02 OMB-01 INT-05 OES-07 /072 W

-----024088 210938Z /17

P 210850Z JUN 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 1381

UNCLAS MANILA 9538

PASS TO: EXIMBANK

E.O. 11652: NA

TAGS: BEXP, RP

SUBJ: EXIM FINANCING FOR DIZON COPPER PROJECT

1. DELFIN LAZARO, VICE PRESIDENT AND TREASURER OF BENGUET CONSOLIDATED CALLED ON EMBASSY OFFICERS TO DISCUSS EXIM FINANCING FOR BENGUET'S DIZON COPPER PROJECT. LAZARO SAID THAT PREVIOUS COMMUNICATIONS WITH EXIM HAD INDICATED THAT EXIM WISHED TO MAKE HIGHER EQUITY PARTICIPATION A CONDITION FOR EXIM FINANCING. HE SAID THAT THE NATURE OF THE LOCAL STOCK MARKET MADE HIGHER EQUITY VERY COSTLY AND THEREFORE UNACCEPTABLE TO THE COMPANY. HE STATED THAT HIS PURPOSE WAS TO DEMONSTRATE THAT OTHER FINANCING INSTITUTIONS FIND BENGUET'S EQUITY STRUCTURE SATISFACTORY AND THAT THIS WAS THE SOLE PURPOSE OF HIS VISIT.

2. LAZARO PRODUCED FOUR LETTERS WHICH HE CLAIMED HAVE BEEN RECEIVED FROM OTHER PROSPECTIVE FINANCING INSTITUTIONS. HE ASKED THE EMBASSY OFFICERS TO REVIEW THE LETTERS TO CONFIRM THAT NONE OF THEM RAISED AN ISSUE OF EQUITY. HE EXPLAINED THAT HE WAS GOING THROUGH THIS PROCEDURE RATHER THAN PROVIDING THE LETTERS TO THE BENGUET'S U.S. REPRESENTATIVE SINCE TERMS OF THE LOANS
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ARE CONFIDENTIAL AND HE HAD AGREED NOT TO USE THOSE TERMS TO BARGAIN.

3. THE LETTERS WERE FROM THE FOLLOWING:

A. BANQUE DE PARIS ET DES PAY-BAS, (ON BEHALF OF COFACE, DATED JANUARY 7, 1977

B) EXPORT DEVELOPMENT CORPORATION (CANADA),
DATED APRIL 19, 1977

C. THE CHARTERED BANK, ON BEHALF OF ECGD (UK),
DATED JUNE 10, 1977

D. MITSUBISHI, ON BEHALF OF JAPANESE EXIMBANK,
DATED JUNE 16, 1977.

REVIEW OF THE LETTERS INDICATED THAT THEY ARE IN THE
NATURE OF PRELIMINARY COMMITMENTS, AND IN FACT THEY DO
NOT MENTION INCREASED EQUITY IN ANY WAY.

4. WE TOLD LAZARO THAT WE WOULD PROVIDE THIS
INFORMATION TO EXIMBANK. LAZARO SAID THAT HE IS VERY
EAGER TO HAVE A RESPONSE, SINCE THE COMPANY PREFERS TO
SOURCE ITS EQUIPMENT IN THE U.S., BUT NEEDS TO REACH
A DECISION SOON.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA09538
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770220-1196
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770636/aaaabfbg.tel
Line Count: 87
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fa4d6479-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2083845
Secure: OPEN
Status: NATIVE
Subject: EXIM FINANCING FOR DIZON COPPER PROJECT
TAGS: BEXP, RP
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/fa4d6479-c288-dd11-92da-001cc4696bcc
Review Markings:
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